

TO: Governor Tony Evers
Andrew Petersen, President – UW System Board of Regents
Joel Brennan, Secretary – Department of Administration
Michael Queensland, Senate Chief Clerk
Kay Inabnet, Office of Assembly Chief Clerk
Transmitted electronically

FR: Connie Schulze, Director of Government Affairs for UW Health

DT: February 15, 2021

RE: Annual report required under 233.04(1)

Please find attached a copy of the annual UW Health report on patient care, education, research, community service activities and a draft audited financial statement, as required by state law.

Please feel free to contact me if you have questions. I can be reached at 608/516-2552.

Thank you.

**UNIVERSITY OF WISCONSIN HOSPITALS AND CLINICS
2019-2020 Annual Report**

Fiscal Year 2019-2020 was another milestone year for UW Health. Over the past year, UW Hospitals and Clinics (d/b/a UW Health) continued to *advance health without compromise through service, scholarship, science, and social responsibility*. This is our mission, and we work to fulfill it each day.

Despite momentous changes and challenges throughout the year in particular facing the response to the COVID-19 pandemic, UW Health continued to garner national recognition as a high-performing healthcare organization, workplace of choice and leader in quality, safety, patient satisfaction and equity. As Wisconsin's premier academic medical center, this year's awards and honors included:

- Rated as the #1 hospital in Wisconsin for the ninth year in a row according to *US News & World Report*, "America's Best Hospitals." *US News & World Report* also named our system among the top 50 hospitals nationwide in six medical specialties, and ranked five additional specialties as high-performing.
- Ranked as a Top 20 Hospital in the *Newsweek* "2020 Best Hospitals" US rankings.
- Named by *Becker's Hospital Review* as one of "100 Great Hospitals in America."
- Ranked among the nation's top 40 pediatric cardiology and heart surgery programs by *US News & World Report*
- One of nine members of Pediatric Dream Team, which aims to combine expertise to find cures for the most difficult-to-treat childhood cancers
- Named One of the Nation's 50 Top Cardiovascular Hospitals by IBM Watson Health
- UW Health once again named as a "Leader in LGBTQ Healthcare Equality" by the Human Rights Campaign Foundation (HRC), the educational arm of the nation's largest lesbian, gay, bisexual, transgender, and queer (LGBTQ) civil rights organization.
- Retained Magnet designation for Nursing Excellence
- University Hospital was awarded a Platinum Performance Achievement Award from the American College of Cardiology Foundation and the American Heart Association for implementing a "higher standard of care" for high-risk heart attack patients.

While we are honored to receive these designations, we remain committed to working to fulfill our vision: *Remarkable Healthcare*.

Five Year Strategic Plan

UW Health’s strategic plan continues to define the organization’s priorities over the upcoming years.

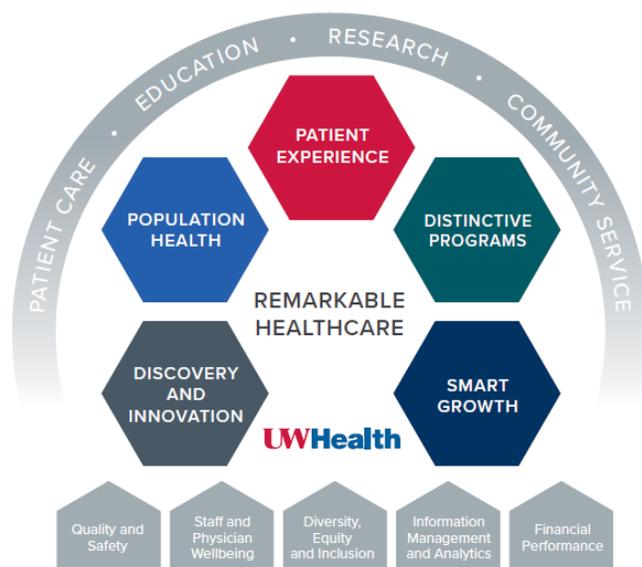
Patient care is at the center of our strategic plan. This is the reason we exist as an organization. Providing remarkable and equitable care to our diverse population through clinical innovation and cutting-edge research defines UW Health.

Our strategic plan is defined by our mission of Patient Care, Education, Research and Community Service. Our mission focuses our action and keeps UW Health on the path to enduring achievement and success through five important domains, utilizing five foundational competencies.

To advance our vision and strategic plan, we identified 5 strategic areas we call “domains” where we will focus our work. Domains include Patient Experience, Population Health, Distinctive Programs, Discovery & Innovation and Smart Growth.

Separate from our strategic plan, we have identified five foundational competencies. Foundational Competencies include Quality and Safety, Staff and Physician Wellbeing, Diversity, Equity, and Inclusion, Information Management and Analytics, and Financial Performance. Diversity, Equity, and Inclusion was added as a foundational competency to reflect the appropriate importance of this work in achieving our vision. The five foundational competencies will remain steady as they require an enduring focus.

Using the foundational competencies, UW Health’s faculty and staff drive innovation and achievement in our key domains that further our mission and deliver the remarkable patient care for which we are known.



PATIENT EXPERIENCE

Goal: Exceed expectations of our patients and families, every patient, every time

Why the strategic focus: Being available and accessible when needed is essential to the patients, families and the communities we serve. We must provide easy access to our inpatient and outpatient services in order to provide remarkable healthcare.

POPULATION HEALTH

Goal: Bring value through an equitable, coordinated, affordable system of care that improves the health of our patients and communities

Why the strategic focus: We have a unique opportunity and obligation to deliver high value

care for the populations we serve. This requires that we deliver the right care at the right time and right place while, at the same time, providing a great experience and exceptional outcomes at the lowest possible cost.

DISTINCTIVE PROGRAMS

Goal: Develop and grow remarkable clinical programs with patient outcomes that are recognized locally, regionally, nationally

Why the strategic focus: Our capabilities and expertise position us to offer nationally recognized programs that provide remarkable health outcomes for patients locally, regionally and nationally. Fully tapping this potential will move us toward our vision.

DISCOVERY AND INNOVATION

Goal: Be the preferred, trusted partner to safely and equitably lead innovation and take it from discovery to the people we serve

Why the strategic focus: Our relationship with the UW School of Medicine and Public Health and broader UW system uniquely positions us to leverage the power of our academic partners to make significant contributions to science and healthcare innovation.

SMART GROWTH

Goal: Enhance relevance and sustainability by connecting with more patients and communities

Why the strategic focus: We aim to develop meaningful partnerships and serve more communities. In doing so, we will reach the larger population necessary to sustain the full range of services we provide, and to effectively train the next generation of clinicians.

The balance of this report summarizes UW Health's major accomplishments including our efforts to protect our staff, care for patients, and care for the community in our response to the COVID-19 pandemic.

FY20 STRATEGIC ACCOMPLISHMENTS

UW Health treated the 12th case of COVID-19 identified in the US. Given our early involvement in patient care, we've played a prominent role in the response, focusing on care for patients dealing with COVID-19, protecting our staff, and educating and supporting the community throughout the COVID response.

COVID Response – Staff and Patient Safety

The role of health systems during a pandemic response is challenging both to support the health needs of those with pandemic related illnesses, those with existing non-pandemic related illnesses, and ensuring health system staff remain healthy to care for those requiring care. Significant efforts were undertaken to ensure we secured needed resources to keep our staff safe and trained with the latest personal protective equipment (PPE). Our work included partnering with University of Wisconsin R&D teams to develop PPE that met the needs of staff. (any benefit in mentioning we shared equipment with other health systems as needed).

We also modified our staff working arrangements to account for the changing family demands of our staff.

- We partnered with others in the community to offer alternative childcare solutions for health care workers
- We created flexible working arrangements to ensure staff had the resources needed to care for patients and support their families.
- We also deployed over 2,600 laptops to allow staff to work remotely across both clinical and non-clinical roles

Our clinical care operations were dramatically impacted by the response to COVID-19. We modified our clinical footprint to preserve spaces for COVID patients, launched a COVID testing laboratory, changed visitor policies, and adjusted schedules for elective surgeries and procedures as needed during multiple COVID-19 surges.

To free up hospital beds and properly train staff for an anticipated surge of COVID-19 patients, UW Health took a drastic step with enormous fiscal implications by postponing elective surgeries and medical procedures. Meanwhile, plans to greatly accelerate patient access to video and telephone medical appointments were fast-tracked.

Within days, UW Health launched its own COVID-19 testing laboratory, opened a drive-up testing site and facilitated an explosive growth in telehealth appointments, enabling thousands of patients to get the care they needed without leaving home.

Many lessons learned from our COVID-19 response will be incorporated into our normal business operations moving forward. Overall, the efforts to support patients and our staff demonstrated the genius, the empathy, the grit and the innovation of UW Health during this pandemic

COVID Response – Supporting the Community

As a leading Academic Health System we are in a unique position to package our world-class research for us at the patient bedside and to serve as a public messenger of science around the COVID-19 virus. The evolving nature of information and studies around the virus made our role critical to help continue to keep the community aware of the latest guidelines and help keep our community safe. We took early actions including standing up a COVID hotline and building a COVID microsite and internal hub. We stepped in to serve as a voice of authority and an information hub to support our staff and the public

when other resources were lacking. To date we have seen over 3.2M page views to our internal COVID hub, and nearly 1M to our COVID microsite. Additionally, we've developed over 200 messages of the day for media and have placed over 15,000 COVID related media stories throughout the state.

Staff and Physician Well-being

While most of the attention during the pandemic was on physical safety measures for our patients and staff, UW Health never lost site of the support we provide our faculty and staff

- UW Health created a new position of Chief Wellness Officer, hiring Dr. Mariah Quinn to lead system-wide efforts to measure burnout, professional fulfillment and the implementation and evaluation of wellbeing initiatives.
- UW Health expanded the resources available to assist with the emotional, physical, and financial wellbeing of our faculty and staff.

We expect these resources to be important through the duration of the pandemic and well beyond.

Despite intense financial stress from the pandemic, UW Health was able to manage the crisis without layoffs or major disruptions to our workforce.

At a time when the public wanted to hear our stories and our staff needed to see how our work is valued, we made certain to tell the stories of UW Health and our thousands of clinical and non-clinical healthcare heroes during this pandemic.

Advancement of Diversity, Equity, and Inclusion (DEI) efforts

We have made many advances in our investment of DEI at UW Health during the pandemic. The inequitable impact of COVID-19 on communities of color, as well as the racial injustice in our country have moved us to recognizing that DEI work is critical to the foundation of our success as a healthcare organization. Racism is a public health crisis and we have a direct and significant role in recognizing how to dismantle racism in ourselves, in our system, and in our community.

Here are some highlights of the critical steps we have taken over the last year:

- Infrastructure:
 - Capacity building by elevating the Chief Diversity Officer into a Vice President role and hiring of three DEI Program Coordinators
 - Board endorsed vision and goals centering antiracism efforts
 - Diversity, Equity, and Inclusion has been added as a foundational competency in our updated UW Health Strategic Plan
- Action oriented DEI work:
 - Expanding professional development and training programs; mandatory unconscious bias training for leaders and trained 3,375 people trained in 2020
 - Intentional support for our providers and staff of color:
 - Expansion and continued engagement of our Employee Resource Groups
 - Finalizing our Patient, Family and Visitor Discriminatory Request or behavior policy
 - Integration of equity tools into decision-making and operational processes
 - Increased investment of time and funds to support grassroot and grasstop organizations doing work in communities of color to address social determinants of health

- We were recognized again by the Human Rights Campaign as a Leader in LGBTQ Healthcare Equality

Education

With a robust array of Graduate Medical Education offerings, UW Health has continued its growth trajectory, proudly overseeing 79 ACGME accredited programs, including 24 residencies and 55 fellowships, with more than 690 total trainees. In FY21, UW Health continued to improve the quality of learning environments for residents and fellows in ACGME-accredited programs. The goal is to ensure residents are integrated into - and knowledgeable about - UW Health policies and protocols regarding patient safety, quality improvement, and transitions in care, as well as GME work hours and professionalism. Beyond these basics, the focus is on ensuring that residents and fellows are fully included in UW Health's work related to quality improvement, patient and family experience, and the interdisciplinary model of care. In addition, GME programs remain critical as a source of outstanding faculty recruits for UWSMPH and UW Health with over 35% of existing UW Health clinical attending physicians trained in a UW Health-sponsored GME program.

As it does every year, UW Health not only trains resident physicians and fellows but also members of residency programs in pharmacy, physical therapy, nursing, and hospital administration. Other new trainees include those in dietetic internships, a fellowship in athletic training and training programs in ultrasonography, radiologic technology, emergency medical services, and a host of other areas.

As a result of COVID-19, UW Health and GME Administration worked diligently to provide necessary resources to support the GME community and provide safe patient care. The institutional COVID-19 response and support included, but was not limited to:

- Regular communication to GME community via email, Q&A forum, and Qualtrics survey
- Ensured adequate PPE, including instructions for appropriate PPE usage
- Virtual training for those redeployed to acute care or hospital medicine services prior to deployment

Increased well-being resources to include peer support, remote work options, temporary housing on campus for quarantining (as needed)

Research

Our advancements in clinical trials in the past year are best represented through a lens of our response to COVID-19. The demands of COVID-19 to support patient and research needs focused our efforts on the timeliness, equity, and collaboration of our work. We streamlined clinical research processes to support remote research teams including eConsent and optimizing EPIC for research teams. Clinical trials were integrated into patient care to provide a more a patient-centric focus to care for research participants while also working to ensure our clinical trial populations proportionally represented the Dane County and broader catchment area population.

Key highlights of our actions included:

- Direct impact on COVID patient care:

- During the first 5 months of the pandemic, 82% of COVID-19 patients received treatment as part of a clinical trial
- UW Health was one of the first to implement early use of convalescent plasma and our program provided donated plasma to supply other states/hospitals. Convalescent plasma treatments went on to receive emergency use authorization and has seen widespread use around the world.
- In June, UW Health and the UW School of Medicine and Public Health become one of the first to conduct clinical trials on a promising COVID-19 treatment and preventative from Regeneron Pharmaceuticals. Regeneron has since received emergency use authorization for the treatment of COVID-19. Along with other monoclonal antibody treatments, Regeneron has become a valuable tool in helping at-risk patients avoid serious affects from COVID-19.
- Served as a flagship US site for the AstraZeneca COVID vaccine trial. Enrollment efforts were highly successful in securing communities of color into the trial.
- Impact COVID-19 treatment trials opened in 21 days/prior average > 100 days
- Infrastructure advancement
 - Implemented centralized structure for COVID-19 clinical trials including specialized coordinators, regulatory staff and leadership to partner with other groups
 - Quickly developed a biobank of COVID samples to support researchers
 - UW Health launched StudyFinder, a website that allows patients to quickly and easily find clinical studies that are open and seeking participants.

Despite the response to COVID-19, UW Health's transplant program set a new yearly record with 548 transplants. This included new records of 315 kidney transplants, 173 deceased organ donors. Included in these numbers were seven heart transplants from donors through circulatory death (DCD) through a clinical trial that doctors say could significantly increase heart transplants.

Community Service

UW Health follows the community benefit reporting categories and definitions of the Wisconsin Hospital Association. The figures below, reported in June 2020, are based on the most recent available data.

Community Health Improvement Services

Community Health Education	\$600,267
Community-Based Clinical Services	\$32,363
Healthcare Support Services	\$3,437,418
TOTAL Community Health Improvement Services	\$4,173,911
Health Professions Education	\$61,569,068
Subsidized Health Services	\$2,943,753
Research	\$23,317,945
Financial and In-Kind Contributions	\$7,554,171
Community Building Activities	\$1,968,378
Community Benefit Operations	\$144,660
Financial Assistance (charity care)	\$22,611,583
Government-Sponsored Healthcare	\$127,481,655
TOTAL COMMUNITY BENEFIT	\$253,042,909

Financial Performance

The University of Wisconsin Hospitals and Clinics Authority (dba UW Health) financial performance was impacted by the pandemic. Net income for the fiscal year ending June 30, 2020, decreased slightly over the prior year. Net income as a percentage of revenue, excluding the fair value gain/loss on investments and the fair value loss on swap agreements was 6.8 percent largely due to the \$57.6 million of federal stimulus funding. Without the federal stimulus funding, the net income as a percentage of revenue would decrease to 5.1%.

Inpatient days decreased over the previous year by 5.6 percent to 227,515 from 234,184. In-person clinic visits were 6.8 percent lower than the previous year at 2,022,194 from 2,169,882, however, UW Health did see significant new usage of video and telephone visits. Emergency department visits came in 3.6 percent less than the previous year at 149,330 from 154,959. Case mix index, an indicator of the severity of patient conditions, was 2.05 compared to 1.94 in the fiscal year ended June 30, 2019.

Governmental payers (Medicare and Medicaid) continue to grow as a portion of UW Health's overall business. Reimbursement from these payers does not cover the full cost of care. UW Health also experienced increases in Quartz membership. UW Health saw the numbers of patients with little or no ability to pay increase between years, UW experienced an increase in charity care and bad debt for the year ended June 30, 2020, of \$245.2 million from \$172.6 million, or 2.4 percent of gross revenue.

UW Health is in a strong position compared to other organizations in the health care industry. Days cash on hand finished higher at 250 compared to last year at 208. Increases were a result of cash advancements from the federal stimulus funding along with CMS advances and payroll tax deferrals that will be paid in future fiscal years. Additional increases in cash position resulted from cost savings measures implemented and a pause on capital expenditures. Days in accounts receivable decreased from 51 to 50. UWHCA's S&P bond ratings remained at AA- with a stable outlook.

The final page of this report presents an additional summary of this year's financial performance.

Financial Performance 2020-2019
Financial summaries

	AUDITED FY 2020	AUDITED FY 2019
University of Wisconsin Hospital and Clinics Authority		
Summary of Financial Results for Fiscal Years Ended June 30, 2020 and 2019 (\$000 omitted)		
Net Revenue	\$3,386,907	\$3,391,651
Expenses	3,274,455	3,177,843
Payment to UW School of Medicine and Public Health for capital expenditure support	73,985	112,170
INCOME FROM OPERATIONS	38,467	101,638
Investment and other non-operating income	192,550	75,383
Fair value gain/loss on investments	(24,336)	51,655
Fair Value gain/loss on swap agreements	(1,441)	(1,189)
NET INCOME	\$ 205,240	\$ 227,487
Net income as % of revenue, excluding fair value gain/loss on investments and fair value loss on swap agreements	6.8%	5.2%

University of Wisconsin Hospital and Clinics Authority		
Summary of Financial Position as of June 30, 2020 and 2019 (\$000 omitted)		
CURRENT ASSETS		
Cash	\$783,253	\$426,472
Patient & other accounts receivable	468,407	478,066
Inventories	54,236	43,279
Prepaid expenses	45,924	31,653
Due from related entity	29,952	21,410
TOTAL CURRENT ASSETS	1,381,772	1,000,880
Investments	1,506,019	1,514,628
Net property & equipment	1,251,901	1,241,079
Other assets	307,859	159,797
TOTAL ASSETS	\$4,447,551	\$3,916,384
Deferred outflows of resources	325,087	369,349
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$4,772,638	\$4,285,733
CURRENT LIABILITIES		
Current installments of long-term debt	\$18,154	\$ 17,840
Accounts payable & accrued liabilities	554,761	529,008
TOTAL CURRENT LIABILITIES	\$ 572,915	\$ 546,848
Long-term debt	\$ 714,920	\$ 727,708
Other long-term liabilities	390,812	300,852
Deferred inflows of resources	411,229	232,711
Net assets	2,682,762	2,477,614
TOTAL LIABILITIES & NET ASSETS	\$4,772,638	\$4,285,733
Net days revenue in accounts receivable	50	51
Long-term debt to total capitalization	0.21	0.23